



Going from **AFR** to **CAFR**

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Financial Reporting

Texas Comptroller of Public Accounts

Why!?!

Comptroller's Responsibility

TX Gov't Code, Section 403.013 – Due Feb. 28th

Agency's Responsibility

TX Gov't Code, Sections 2101.011 and 2101.012

- Due to CPA – No later than the Nov. 20th
- A financial report
- Prepared in accordance with form/content provided by the Financial Reporting section

Who?!?

- Full Reporting vs. GR Consolidated
 - D02 Control Ind 2 = F, S or N
- **Difference?**
 - GCA: Smaller transactional volume/dollar amounts – mainly GR
 - GCA: Less complex fund structure
 - No debt service (FT 03)
 - No capital projects (FT 04)
 - No enterprise activity (FT 05/06/15) – no cash flow statement
 - No Fiduciary – other than Custodial Funds

How?!?



- Communicate what the Financial Reporting section needs from you
- Assist agencies with accounting entries
- Provide consistency for consolidation:
 - 78 GR Consolidated (aka Simplified/SRA)
 - 56 Full Reporting (which includes six University Systems with 60 Component Universities)
 - 23 discretely presented component units to the state
- **AFR is not GAAP compliant** (not intended to be)

Annual Financial Report Reporting Requirements



Home	General Accounting	USAS	Suspense Funds	CIST/Shared Funds	General Revenue Reconciliation	Capital Assets	Interfund Activity
Pass-Through Activity	Notes & Samples	Universities	Global Certification				

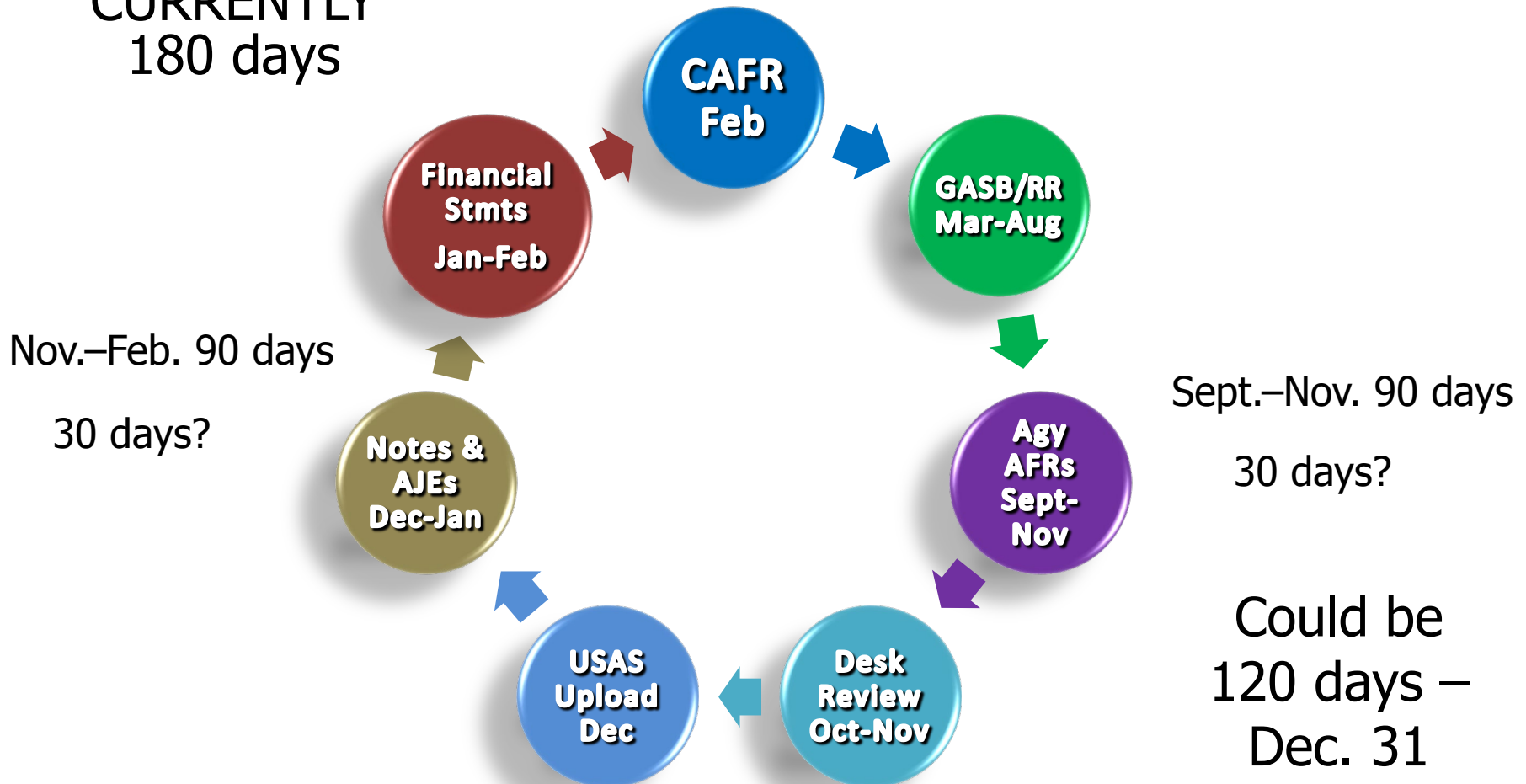
Home
Introduction
Highlights
Governmental Accounting Standards Board (GASB)
SAO Information

<input type="text"/>
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References
Contact Information Deadlines Address & Number of Copies to Deliver Submission Requirements
Resources
Agency Fiscal Year-End USAS Adjustments and AFR Checklist FAQs Glossary Appendices
Tools
Templates & Sample Exhibits Working Papers AFR Web Applications AFR Ad Hoc Review Reports
Training/Work Sessions
AFR Work Sessions AFR Training

Note: Users should be familiar with the navigation menu and right-hand toolbox on FMX's AFR Reporting Requirements website.

AFR/CAFR Process

CURRENTLY
180 days



A Matter of Perspective

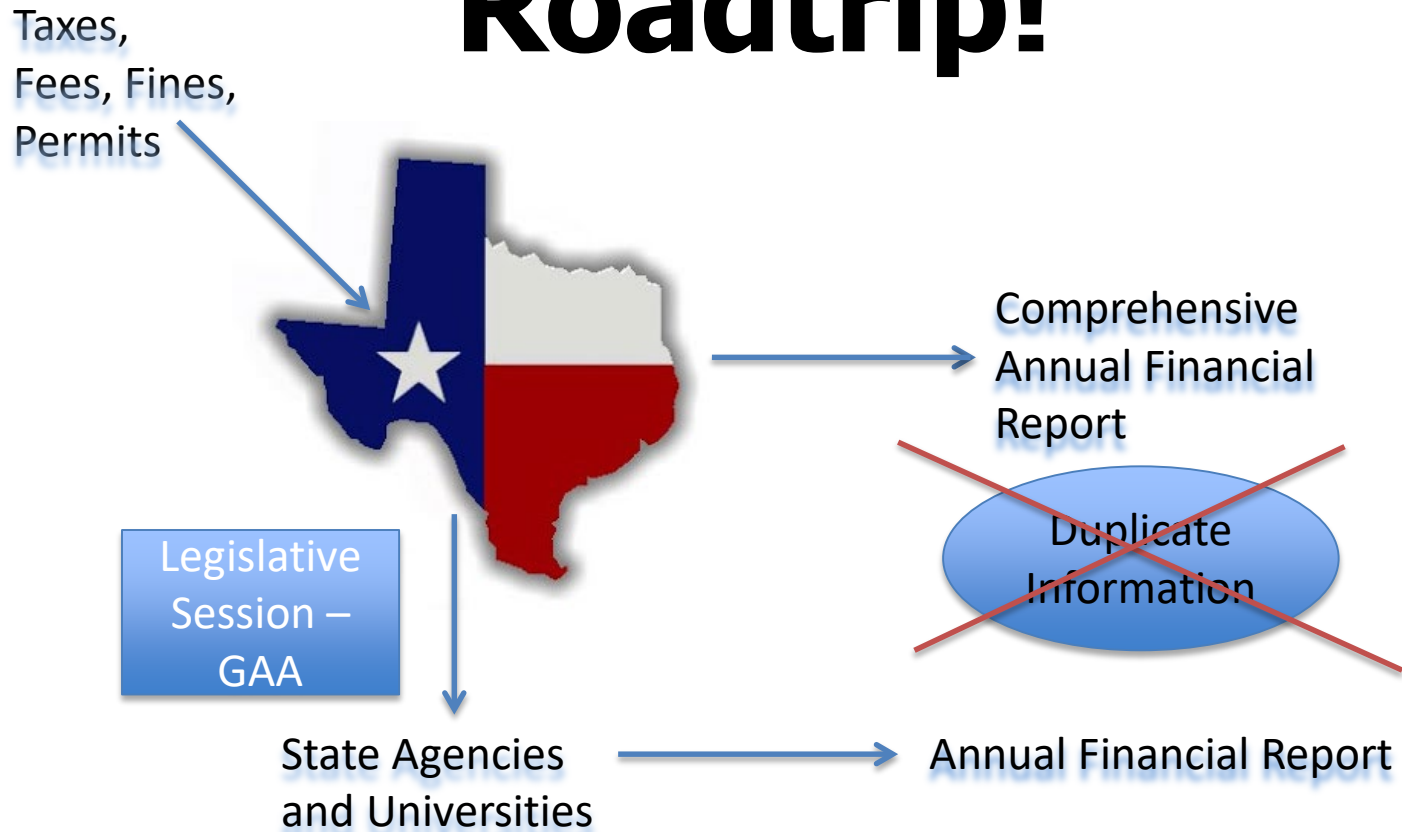
AFR: Agency level Appropriated Funds

CAFR:

- GAAP Funds (consolidated Appd funds)
 - D24 – CAFR File ID – determines which column on each statement
- Presented by Major Funds (materiality analysis)
- Rev/Exp by function level (D02/GAAP Function)

• 04 – General Government	10 – Public Safety/Corrections
• 05 – Regulatory	11 – Education
• 06 – Health/Human Services	14 – Teacher Retirement System
• 07 – Natural Resources/Recreation	15 – Employee Benefits
• 08 – Transportation	

Roadtrip!



Trip Details

Getting Prepared – Note Detail

- Deposit/Investments Note Reclassification
- Capital Asset Note Reclassification
- Long Term Liabilities Adjustments
- Bond Activity
- Interagency Activity
- Fund Balance/Net Position Reclassification

Location – Location – Location Statewide

Reconciliations (all agencies)

- Cash in State Treasury
- CMIA Federal Interest
- Cash Flow Statement
- SEFA
- TxPool
- SWCAP

Functional Adjustments (activity on behalf of)

- Fund 0001 Revenue Functional Allocation
- Fund 0001 Expenditure/Payroll Related Cost Functional Allocation

Conversion of Fund Balance to Net Position

- Modified accrual basis to full accrual basis

Location – Location – Location Local Data

- Due To/Due From — balancing
- Due To/Due From — eliminate FFS
- Due To/Due From — eliminate GW

- State Pass-through balancing
- State Pass-through elimination/conversion to transfers

- Transfers — balancing
- Transfers — eliminate FFS
- Transfers — eliminate GW

- Federal Pass-through balancing
- Federal Pass-through elimination/conversion to transfers

- Interfund Rec/Pay — balancing
- Interfund Rec/Pay — eliminate FFS
- Interfund Rec/Pay — eliminate GW

- Legislative Transfers balancing/elimination/conversion to operating transfers

Eliminate duplicate information/reclass non-duplicate information

Reaching the Destination

Letter of Transmittal

- Informs the reader what Texas has been up to over the last year
- Current economic outlook and performance

Mgmt Discussion & Analysis

- Required by GASB Statement No. 34, par. 6a, 8-11
- Introduces the financial statements
- Presents an analytical overview of the government's financial activities
- Current economic condition

Reaching the Destination

Why are all the statements so different?

- Required by GASB 34
 - Government-Wide: full accrual basis
 - Fund Financial Statements: Major Fund Presentation
 - Governmental: modified accrual basis
 - Reconciliation to Government-wide
 - Proprietary: full accrual basis
- Notes: details of the statements
- Supplementary information: more detail
- Statistical: even more detail

WHO USES THE CAFR?

External Users

- Public
- Bond Rating Services
- Statistical Researchers
- Other Governments

We do!

Every time the Comptroller goes to borrow money for the state of Texas – known as the TRAN note, or Tax Revenue Anticipation Note.

The fact that the CAFR has a clean opinion and provides a clear picture of the state's financial health helps us, the citizens of Texas, get the lowest interest rate possible from the lenders.

So what happens after?

- An analysis is done at the agency level to determine where improvements can be made for both the CAFR and AFR processes.
- Reporting Requirements are updated for changes.

